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844-4CINNAIRE

June 12, 2018

Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
400 Seventh Street, SW  
Eighth Floor  
Washington, D.C. 20219

Re: Notice of Proposed Rulemaking and Request for Comments –  
RIN 2590-AA83 – Affordable Housing Program Amendments

Mr. Pollard,

Thank you for the opportunity to comment on the recent notice of proposed rulemaking regarding the Affordable Housing Program (AHP) of the Federal Home Loan Banks (FHLBanks).

As the Chief Strategy Officer at Cinnaire, a full-service community development finance organization, and Board Member of the Federal Home Loan Bank of Indianapolis, I understand the AHP's role in catalyzing the preservation and creation of affordable housing and its success in addressing local housing market needs. Cinnaire is certified by the U.S. Treasury Department as a Community Development Financial Institution (CDFI), and an active member of the Federal Home Loan Bank of Chicago (FHLBank Chicago). We have an unwavering belief that all people deserve the opportunities provided by living in healthy communities. Since 1993, we have financed the preservation and creation of over 47,000 affordable rental homes. Resources like the FHLBank's AHP provides essential subsidy necessary to bring affordable housing projects that would not otherwise be possible, to fruition. AHP funding is seldom the sole source of capital as it is most often utilized to fill gaps in complex, multi-layered capital stacks. In the most recent allocation round by the FHLBank Chicago, Cinnaire received AHP funding which provided essential gap financing to support the production of over 280 units of affordable rental homes that target special needs, family, and senior populations in Illinois and Wisconsin.

I commend the Federal Housing Finance Agency (FHFA) for undertaking the significant effort to modernize the AHP regulation. The effort that was put in by the FHFA to streamline and update the program has not gone unnoticed. Cinnaire offers the following comments:

- We are concerned about the proposed rule requiring the FHLBanks to design and implement an outcomes-based framework. While this type of framework would prioritize the FHFA's overall housing goals, it would diminish the FHLBank's discretion to address local housing market needs by establishing preferences for certain project types that may not align with community goals. Ultimately, an outcomes-based framework would make AHP less transparent. We strongly favor the continued use of a scoring-based framework, as it provides each FHLBank with the flexibility to respond to local needs, encourages all project types to apply, and maintains the program transparency that we highly value.

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- We are concerned about the proposed rule raising the threshold for target populations from 20% to 50%. While many of the projects that we have sponsored exceed the current threshold, the increase to 50% would limit or restrict future projects that target mixed-tenancy. And given the lack of operating subsidies, this proposed rule could discourage developers from reserving any units for target populations.
- We are concerned about the impact the proposed rule may have in closing out a project and moving it into the long-term monitoring phase. Modification enables all parties to resolve unforeseen scoring non-compliance issues that may arise during project implementation. Modification has been a tool that provides developers the flexibility to know that a scoring element can be modified.
- We commend the update of AHP's monitoring requirements, especially with regard to: the elimination of the retention requirements for owner-occupied units and/or establishing flexibility in this regard; and the elimination of income and rent backup documentation with respect to projects utilizing Low Income Housing Tax Credits.

In conclusion, Cinnaire is grateful for the opportunity to offer comments on the FHFA's proposed rulemaking regarding the AHP. We appreciate the FHFA's efforts towards maintaining a program that supports the preservation and creation of quality affordable housing across our nation.

Thank you for taking the comments outlined above into consideration. If you have any questions, please feel free to contact me at [jlogue@cinnaire.com](mailto:jlogue@cinnaire.com).

Sincerely,



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